

5/23/78 [2]

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 5/23/78 [2]; Container 77

To See Complete Finding Aid:

http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Cabinet Summary	Young to Pres. Carter, 1 pg., re: UN activities <i>Open 2/2/93</i>	5/19/78	A

FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential
 Handwriting File 5/23/78 [2] Box 87

RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
- (B) Closed by statute or by the agency which originated the document.
- (C) Closed in accordance with restrictions contained in the donor's deed of gift.

C

~~CONFIDENTIAL~~

May 19, 1978

TO: President Carter
THROUGH: Rick Hutcheson
FROM: Ambassador Young
SUBJECT: United States Mission Activities, May 10 - 17

NAMIBIA

Contact Group has orchestrated demands to the South Africans and the frontline states to advise them of current status of our efforts. We have additionally been developing recommendations for next steps as well as a response to the South Africans' privately-stated intention to proceed with voter registration in Namibia.

TRUSTEESHIP COUNCIL

The 1978 annual hearings of the United Nations Trusteeship Council on conditions in the Trust Territories of the Pacific Islands began Monday, May 15 and will continue for three weeks. Garrigue-Guyonnaud (France) was elected President for the session. U.S. Representative, Stoney Cooks, in his opening statement, said that the U.S. was confident that a mutually acceptable agreement of free association can be achieved based on the eight principles agreed to in April at Hilo. The principles will provide maximum authority and responsibility to the Micronesians while retaining specific defense and security responsibilities for the US for a fixed term.

AMBASSADOR YOUNG'S OTHER MEETINGS

Bryn Mawr College Convocation Ceremony, 5/13; Amb. Sole (South Africa) 5/15; Mrs. Thatcher, House of Commons, 5/16; Conservative Foreign Affairs Committee, House of Commons, 5/16; Development Minister Judith Hart, 5/16; David Owen, 5/17; President Kaunda, 5/17: PRESS Johnathan Power, BBC Preview, 5/16.

~~CONFIDENTIAL~~

Electrostatic Copy Made
for Preservation Purposes

DECLASSIFIED
E.O. 12356, Sec. 3.4
PER 7/15/92 GAC/Hr RE MP-NLC-92-28
BY GAC NARS DATE 1/26/93

2718

THE WHITE HOUSE
WASHINGTON

May 23, 1978

The Vice President
Hamilton Jordan
Tim Kraft
Frank Moore
Jody Powell
Anne Wexler
Joe Aragon
Landon Butler
Dick Moe
Phil Wise

The attached was returned in the
President's outbox today and is
forwarded to you for your information.

Rick Hutcheson

DNC WEEKLY REPORT

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND
<input type="checkbox"/>	NO DEADLINE
<input type="checkbox"/>	LAST DAY FOR ACTION -

ACTION
FYI

<input type="checkbox"/>	ADMIN CONFID
<input type="checkbox"/>	CONFIDENTIAL
<input type="checkbox"/>	SECRET
<input type="checkbox"/>	EYES ONLY

<input checked="" type="checkbox"/>	VICE PRESIDENT
<input type="checkbox"/>	EIZENSTAT
<input checked="" type="checkbox"/>	JORDAN
<input checked="" type="checkbox"/>	KRAFT
<input type="checkbox"/>	LIPSHUTZ
<input checked="" type="checkbox"/>	MOORE
<input checked="" type="checkbox"/>	POWELL
<input type="checkbox"/>	WATSON
<input checked="" type="checkbox"/>	WEXLER
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	MCINTYRE
<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ADAMS
<input type="checkbox"/>	ANDRUS
<input type="checkbox"/>	BELL
<input type="checkbox"/>	BERGLAND
<input type="checkbox"/>	BLUMENTHAL
<input type="checkbox"/>	BROWN
<input type="checkbox"/>	CALIFANO
<input type="checkbox"/>	HARRIS
<input type="checkbox"/>	KREPS
<input type="checkbox"/>	MARSHALL
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VANCE

<input checked="" type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input checked="" type="checkbox"/>	BUTLER
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	CRUIKSHANK
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input checked="" type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PETTIGREW
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN
<input checked="" type="checkbox"/>	WISE
<input type="checkbox"/>	
<input type="checkbox"/>	

DEMOCRATIC
NATIONAL COMMITTEE

1625 Massachusetts Ave., N.W. Washington, D.C. 20036 (202) 797-5900

John C. White
Chairman

MEMORANDUM

May 19, 1978

TO: PRESIDENT CARTER

THROUGH: RICK HUTCHESON

FROM: JOHN C. WHITE *Jcw*

RE: WEEKLY STATUS REPORT ON DNC OPERATIONS

THE DEMOCRATIC PARTY AND THE WHITE HOUSE ARE BACK IN
BUSINESS TOGETHER.

Your brief appearance before the State Chairman today was the highlight of the two hour meeting but, more importantly, it added the impetus which was sorely needed to activate this group in support of your Legislative Initiatives and our Democratic Candidates.

Working with Tim Kraft, Frank Moore, Anne Wexler, and their staffs we have targeted states for breakfasts on May 25th, June 2nd, and June 8th whose Congressional Delegations are vital to pending Legislation. The briefings will emphasize ways in which these state Chairmen and their guests can be helpful.

I hope your schedule will permit you to attend each of these meeting for a few minutes. The tone and content of your remarks today were perfect.

SPECIAL CITIZEN TASK FORCE

The reports which I am receiving from your staff indicate that our Task Force has been most helpful, not only with specific assignments like the Arms Sales vote, but also developing overall strategy for your Legislative Initiatives and the public and Congressional perception and reception thereof.

POLITICAL REPORT

The Arrangements Committee set the Mid-Term Conference for December 8-10, in Memphis, Tennessee. We will be consulting closely with your staff in the coming weeks on the format of the Conference.

THE WHITE HOUSE
WASHINGTON

May 23, 1978

Stu Eizenstat

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling. Please inform GSA.

Rick Hutcheson

cc: Zbig Brzezinski
Jim McIntyre

THE WHITE HOUSE

WASHINGTON

May 17, 1978

①

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT
RICK NEUSTADT

Sh

SUBJECT: Revision of Security Classification System

As we and the NSC staff complete this Executive Order, one issue remains: where to locate the Oversight Office that the Order will create. This Office is one of the new Order's major improvements. The Office will police agency practices, both to prevent overclassification and to improve protection for sensitive information. It will have the power to inspect agencies' files and to challenge their classification procedures and their decisions on individual documents.

The Office will replace an ineffective interagency committee housed in GSA. The Office will be about the same size as the committee--a staff of ten to fifteen people.

While creation of the Office is welcomed by all the agencies, it is a bureaucratic orphan, unwanted by any of the three proposed homes--OMB, GSA, and Justice. The situation is as follows:

- All agencies except OMB recommend locating the Oversight Office in OMB to provide prestige and visibility. The Congressional committees we consulted in drafting the Order agree, arguing that an EOP location is needed to make oversight effective. OMB argues, however, that such a decision would be inconsistent with last year's EOP reorganization and would force an increase in OMB's size. Last fall, you declined our recommendation to place the Office in OMB and opted for GSA.

- The agencies feel a GSA location is workable, but only if the Office operates under the direct supervision of the NSC. State, Defense, and the DCI oppose integrating the Office into GSA and vesting the Administrator of GSA with the strong powers that the Order grants to the Office's director, such as access to review sensitive materials. They object to allowing the Administrator of GSA such access. Jay Solomon has serious problems with this arrangement because it would create a unit in GSA that is not fully responsible to him.
- Jay Solomon suggested putting the Office in Justice, and the other agencies would accept that location. However, Griffin Bell strongly opposes doing so because he is trying to reduce Justice's role in supervising programs, because Justice itself classifies documents (and would therefore have a conflict of interest), and because Justice must defend classification decisions in court.

While we still feel OMB is the best location, we think the GSA location would work, provided NSC retains the authority set forth in the draft Order. Jay's concern is a legitimate one, and we have tried to accommodate it as much as possible by giving him the power to appoint the director, subject to your approval, and to appoint the Office's staff. This provides the Administrator with the supervisory role necessary to meet his responsibilities, but does not give him the access to sensitive information and the other national security-related powers that so concern the agencies. The NSC staff concurs with these recommendations.

DECISION:

OMB _____

GSA _____ (recommended by DPS, NSC, OMB and Justice)

JUSTICE _____ (recommended by GSA)



ATTACHMENTS: Previous memos dealing with same subject.

20 September 1977

MEMORANDUM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

INFORMATION

20 September 1977

TO: THE PRESIDENT
FROM: RICK HUTCHESON *RH*
SUBJECT: Memos Not Submitted

1. EIZENSTAT MEMO regarding location of Oversight Office (for the Security Classification System). You objected to moving the Oversight Office from GSA to the EOP, as it ran counter to your effort to keep down the size of the EOP. Stu has checked with Harrison Wellford; while Wellford prefers the EOP location, he believes the location is not that critical. In view of your clear preference, OMB and NSC now believe that if the Director of the Oversight Office is a Presidential appointee, the office can remain in GSA. *ok*
2. GREG SCHNEIDERS MEMO on the Kansas City flood. Greg visited Kansas City to convey your concern, and survey the damage and the recovery effort. Greg reports that state and congressional officials are happy with FDAA's work thus far, and that the city is well on its way to full recovery. *ok*

THE WHITE HOUSE

WASHINGTON

September 16, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT



SUBJECT:

Review of Security Classification System

In response to the recent memorandum from David Aaron and myself on the Security Classification System, in which you questioned the recommendation to move the Oversight Office to the Executive Office of the President from GSA, you asked "How many people are involved".

Approximately 10 people would be transferred from existing slots in GSA. I have checked with Harrison Wellford at OMB, and, while he feels that the Executive Office of the President would be the best location, he believes that its location is not that critical. OMB and NSC believe that if the Director of the Oversight Office is a Presidential appointee, the office can remain in GSA.

We are now circulating a new draft Executive Order for comment. This draft assumes the Oversight Office will be in GSA, since this appeared to be your clear preference based on your note that you had spent seven months trying to get agencies out of EOP.

Sta. - I've worked
7 mos to get
agencies out of EOP.
Now another is being
recommended. How
many people are
involved?

77 recommended. How

many people are involved?

THE PRESIDENT

STU EIZENSTAT
DAVID AARON

Review of Security Classification System

T *Stu* *JC*

With respect to the problem of duplication of classified documents, your comments to Secretary Brown and others are already producing action within the departments. We also envision that the new Oversight Office to be created by the Executive Order would vigorously police the system. Additionally, however, we propose to include a provision in the new Order -- based on a proposal by Defense -- that would (a) forbid reproduction of Top Secret documents without the permission of the originating office; (b) permit the originating office to restrict reproduction of Confidential and Secret documents; and, most importantly, (c) require offices that duplicate Top Secret and Secret documents to record the number of copies made and all intended recipients. Neither these nor any other reasonable measures would bring the duplication problem completely under control. Nevertheless, the above steps should lead to substantial improvement if they are enforced. We recommend including them in the draft Order.

DISAPPROVE

You also asked whether the Oversight Office could be strengthened and kept in GSA, rather than being moved into the Executive Office. All agencies continue to feel strongly that prestige, visibility and perceived access to you are needed, as well as new powers, for the Oversight Office to do its unpopular job of overseeing government-wide compliance with the new Order. The agencies believe that location of the present monitoring organization in GSA has been in large part responsible for its weakness and inadequate performance. For these reasons, the affected agencies

unanimously continue to recommend an Executive Office location. However, a GSA location would be administratively workable and could be effective, especially if you appoint the Director of the Oversight Office and if the Office can count on a sympathetic hearing at the White House when agencies resist its decisions or requests. Eizenstat and Lipshutz recommend the Executive Office location. Aaron believes the GSA location would be satisfactory, particularly with NSC and White House support.

Locate in Executive Office _____

Locate in GSA _____

Should you select the Executive Office location, your decision is needed on whether to put the Oversight Office in OMB or NSC. All agencies but OMB recommend OMB to avoid conflicts of interest and because the Office's mission is akin to OMB's other managerial duties. An NSC location would be inconsistent with your efforts to keep the NSC out of operational matters. We and Bob Lipshutz also recommend OMB. OMB prefers, however, to place the Office in NSC due to the present lack of relevant expertise in OMB and the desirability of locating the function in that part of the EOP on whose substantive judgment you will lean most heavily.

Locate in OMB (recommended) _____

Locate in NSC _____

THE WHITE HOUSE

WASHINGTON

September 19, 1977

MEMORANDUM FOR: The President

FROM: Greg Schneiders **G.S.**

SUBJECT: The Kansas City Flood

I was in Kansas City on Friday to survey the flood damage, convey your concern, assess the effectiveness of the federal relief effort and establish a working relationship with the state and local elected officials.

The situation is not nearly as bad as national news reports suggest. Although there has been a tragic loss of life (24 dead, 2 missing) and property damage in the millions of dollars, the city is well on its way to full recovery.

Most of those displaced by the flood are now staying with relatives or friends and there seems to be enough housing available to make a large mobile home operation unnecessary. Because of the size and stability of the city the long term economic impact of the flood should be limited.

The Governor, Mayor and Congressional delegation are happy with FDAA's work so far and if there are problems they know how to reach me.

I intend to stay in touch with the situation and will return in several weeks if necessary to check on progress.

THE WHITE HOUSE
WASHINGTON
August 31, 1977

Stu Eizenstat

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

RE: REVIEW OF SECURITY CLASSIFICA-
TION SYSTEM

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI
--------	-----

	MONDALE
	COSTANZA
X	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	LANCE
	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

August 31, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT
DAVID AARON

SUBJECT:

Review of Security Classification System

In connection with your decisions on our memorandum of August 17 concerning the proposed new classification system, you raised questions about the vulnerability resulting from widespread duplication of classified documents and about the location of the new Oversight Office. The information and recommendations below result from our further informal consultations with the affected agencies on these questions.

With respect to the problem of duplication of classified documents, your comments to Secretary Brown and others are already producing action within the departments. We also envision that the new Oversight Office to be created by the Executive Order would vigorously police the system. Additionally, however, we propose to include a provision in the new Order -- based on a proposal by Defense -- that would (a) forbid reproduction of Top Secret documents without the permission of the originating office; (b) permit the originating office to restrict reproduction of Confidential and Secret documents; and, most importantly, (c) require offices that duplicate Top Secret and Secret documents to record the number of copies made and all intended recipients. Neither these nor any other reasonable measures would bring the duplication problem completely under control. Nevertheless, the above steps should lead to substantial improvement if they are enforced. We recommend including them in the draft Order.

APPROVE ✓

DISAPPROVE _____

You also asked whether the Oversight Office could be strengthened and kept in GSA, rather than being moved into the Executive Office. All agencies continue to feel strongly that prestige, visibility and perceived access to you are needed, as well as new powers, for the Oversight Office to do its unpopular job of overseeing government-wide compliance with the new Order. The agencies believe that location of the present monitoring organization in GSA has been in large part responsible for its weakness and inadequate performance. For these reasons, the affected agencies

*Stu - He worked
7 mos to get
agencies out of EOP.
Now another is being
recommended. How
many people are
involved?
Stu JC*

unanimously continue to recommend an Executive Office location. However, a GSA location would be administratively workable and could be effective, especially if you appoint the Director of the Oversight Office and if the Office can count on a sympathetic hearing at the White House when agencies resist its decisions or requests. Eizenstat and Lipshutz recommend the Executive Office location. Aaron believes the GSA location would be satisfactory, particularly with NSC and White House support.

Locate in Executive Office _____

Locate in GSA _____

Should you select the Executive Office location, your decision is needed on whether to put the Oversight Office in OMB or NSC. All agencies but OMB recommend OMB to avoid conflicts of interest and because the Office's mission is akin to OMB's other managerial duties. An NSC location would be inconsistent with your efforts to keep the NSC out of operational matters. We and Bob Lipshutz also recommend OMB. OMB prefers, however, to place the Office in NSC due to the present lack of relevant expertise in OMB and the desirability of locating the function in that part of the EOP on whose substantive judgment you will lean most heavily.

Locate in OMB (recommended) _____

Locate in NSC _____

22 August 77

THE WHITE HOUSE
WASHINGTON

August 22, 1977

Stu Eizenstat -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: The Vice President

Bob Lipshutz

Frank Moore

Z. Brzezinski

Bert Lance

Re: PRM/NSC-29 - Comprehensive
Review of the Classification
System

THE WHITE HOUSE
WASHINGTON

ACTION	FYI	
	/	MONDALE
		COSTANZA
/		EIZENSTAT
		JORDAN
	/	LIPSHUTZ
	/	MOORE
		POWELL
		WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
/	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

	KRAFT
/	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

THE WHITE HOUSE
WASHINGTON

August 18, 1977

MR PRESIDENT:

Bob Lipshutz concurs with all of the SCC recommendations. He believes placement of the Oversight Office is preferable in OMB.

OMB's comments are attached.

Rick

MEMORANDUM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

August 17, 1977

ACTION

Shu J

MEMORANDUM FOR:

THE PRESIDENT

FROM:

DAVID AARON *DA*

STU EIZENSTAT *by D. R. Hunter*

SUBJECT:

PRM/NSC-29: Comprehensive Review of
the Classification System

In PRM 29, you directed the preparation of a new Executive Order governing the classification system with a view to providing greater openness in government while protecting sensitive national security information. Prior to drafting the new Executive Order, we are submitting for your approval the major changes in the system recommended by the SCC and four issues for your decision.

By way of background, the three central features of the present classification system are:

- Automatic downgrading of Top Secret documents to Secret after 2 years and declassification after 10 years, Secret documents to Confidential after 2 years and declassification after 8, and declassification of Confidential documents after 6 years. Documents can be exempted from downgrading however, and the exemption has been abused with the effect of keeping many documents classified long beyond necessary;
- Systematic review for declassification of government records after 30 years;
- Authorization without constraints for creation of special access programs or compartments, with resulting unchecked growth in the number of such programs and attendant abuses.

To provide for greater openness and to remedy deficiencies in the present classification system, the SCC unanimously recommends that the new Executive Order include the following major changes:

- Marking a specific date or event for automatic declassification on every classified document, that date or event to be set as early as the national security interest will permit. Unless marked for declassification at an earlier date, Confidential, Secret and Top Secret materials will be automatically declassified after six years, with procedures to extend classification if necessary.

- Administrative sanctions for abuse of classification authority and for unauthorized disclosure;

Establishment of standards to limit the use of special access compartments and to ensure that the information in such compartments is available to senior policy makers when they need it;

Classification marking of documents to show which sections are classified at which levels (to avoid over-classification of papers that quote classified documents and to facilitate declassification);

- Establishment of specific, mandatory criteria on what may be classified;
- A requirement that classifiers weigh the need to protect information against the public's need to know;
- A requirement that when material is reviewed for declassification it be released unless such release would be demonstrably harmful to the national security;
- Specific authorization to classify and protect information provided in confidence by a foreign government as well as to protect the identity of an unofficial foreign source.

APPROVE SCC RECOMMENDATIONS

✓ see note

DISAPPROVE

J.C.

Your specific decision is needed on four other issues:

1. 20 Year Systematic Declassification: The heart of the new system is the unanimous recommendation of the SCC that the period for systematic review of documents for declassification be advanced from the present 30 years to 20 years. Information provided in confidence to the US by foreign sources should be exempted from this change in view of present declassification arrangements with several governments on a 30 year basis.

Your specific approval of this change is requested because the shift from 30 to 20 years is expected to cost \$6.3 million annually over the ten year implementation period (in addition to the \$3.4 million now being spent on systematic declassification). This would be a

*Big vulnerability --
is duplication of
classified documents --
what about this?*

one-time "catch up" cost as agencies process the backlog of millions of documents between 20 and 30 years old. Substantial reductions in this annual cost would be effected at the end of the ten year period. All agencies endorse this change if the resources will be available to implement it. We concur.

APPROVE 20 year systematic declassification; review of foreign originated materials to remain at 30 years ✓ *TC*

DISAPPROVE, keep review at 30 years _____

2. Whether to require secrecy agreements. Some agencies presently require their employees to sign secrecy agreements providing administrative sanctions and/or civil penalties (injunctions, fines) if they reveal classified information. The DCI recommends that all agencies require such secrecy agreements as a condition for access to classified information. While there is sympathy for this proposal, other agencies point out that such a requirement would recall loyalty oaths and have a negative public impact. These agencies believe that it should be left to individual departments and agencies to determine whether their employees should be required to sign a secrecy agreement as a condition for employment or access. Because of the limited value of such agreements and the fact that this requirement likely would negate the positive impact of the other reforms of the classification system, we recommend against a uniform required agreement.

APPROVE leaving to agencies ✓ *TC*

APPROVE Government-wide uniform secrecy agreement _____

3. Oversight of Classification System. There is agreement among all agencies that the weak, nearly moribund unit that currently is supposed to deal with classification matters--the Interagency Classification Review Committee and staff located in GSA--should be abolished and replaced with a management-oriented organization having additional authority and status to direct implementation of the new classification system. The SCC unanimously recommends that the replacement organization, the "Security Information Oversight Office," with a total complement of no more than 10, be located in a unit of the Executive Office of the President as appropriate to its government-wide responsibilities.

All agencies except OMB agree that the Oversight Office should be located in OMB to ensure the existence of a tough monitoring unit with no conflicts of interest. Also, the mission of the Oversight Office is closely related to OMB's managerial responsibilities. The location of this function in the NSC--the only alternative--would be inconsistent with your efforts to keep the NSC out of operational matters. Bob Lipshutz and we share this view. OMB prefers, however, to place the Oversight Office in NSC due to the present lack of relevant expertise in OMB and the desirability of locating the function in that part of the EOP on whose substantive judgment the President will lean most heavily.

*Why not
strengthen &
leave in
GSA?*

APPROVE replacement of existing Committee with new Oversight Office with enhanced responsibilities and authority _____

OMB Location (recommended) _____ NSC Location _____

4. Making the draft E. O. available to the public prior to your signature. There have been a number of requests from the Congress, the ACLU, and other groups to see and comment on the draft Executive Order before you sign it. We recommend that the draft be made available to those who have expressed an interest and to others upon request. This would be a significant demonstration of your commitment to open government and an approach especially appropriate for an Order intended to make more information available to the public. It is also possible that refinements might be suggested through this process which could improve the final Order.

APPROVE informal circulation of draft
to Congress and interested public _____ ✓ JC

APPROVE informal circulation of draft only on Hill _____

DISAPPROVE _____



PRESIDENT'S
REORGANIZATION
PROJECT

WASHINGTON, D.C. 20503

AUG 7 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: Jim McIntyre *Jim McIntyre*

SUBJECT: PRM-29- -Location of Office to Oversee Security Classification System

The Ad Hoc Committee conducting the PRM-29 review of the security classification system has recommended that oversight of the implementation of the new Executive Order be vested in a small office located in the Executive Office of the President. The suggested alternative locations for this office are OMB and NSC staff. OMB strongly believes that the office should be placed in the NSC for the following reasons:

1. NSC staff has the background and expertise necessary to form authoritative opinions as to whether and how documents should be classified; OMB does not.
2. NSC staff has requested a role in both classification policy and in appeals from departmental denials of declassification requests even if the office is located in OMB. Such an arrangement would, in effect, require oversight to be performed twice.
3. Oversight of this nature is not properly part of OMB's function. It is neither budget nor management. It does relate closely to national security concerns.
4. Classification disputes are by nature national security issues, and the NSC staff will be looked to by you and all agencies as final arbiter in any case.

Accordingly, we urge that you place the oversight office in the NSC.

THE WHITE HOUSE

WASHINGTON

Date: August 18, 1977

MEMORANDUM

FOR ACTION:

Bob Lipshutz

Jim McIntyre

*see
comment -
Separate
memo x*

FOR INFORMATION:

Vice President

Hamilton Jordan

FROM: Rick Hutcheson, Staff Secretary

SUBJECT:

David Aaron/Stu Eizenstat memo dated 8/17/77
re PRM/NSC 29 - Comprehensive Review of
the Classification System

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME:

DAY: IMMEDIATE

DATE: TURNAROUND

ACTION REQUESTED:

☒ Your comments

Other:

NSC is requesting that this be dexted later today to the
President

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

Date: August 18, 1977

MEMORANDUM

FOR ACTION:

Bob Lipshutz
Jim McIntyre

FOR INFORMATION:

Vice President
Hamilton Jordan

FROM: Rick Hutcheson, Staff Secretary

SUBJECT:

David Aaron/Stu Eizenstat memo dated 8/17/77
re PRM/NSC 29 - Comprehensive Review of
the Classification SystemYOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME:

DAY: IMMEDIATE

DATE: TURNAROUND

ACTION REQUESTED:

☒ Your comments

Other:

NSC is requesting that this be dexted later today to the
President

STAFF RESPONSE:

☒ I concur.☐ No comment.

Please note other comments below:

I concur with all of the SCC recommendations. Placement
of the Oversight Office in OMB is preferable to placement
in the NSC office.**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**If you have any questions or if you anticipate a delay in submitting the required
material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE
WASHINGTON

August 18

Susan -

Trudy in Rick Hutcheson's office called this morning to say this memo had inadvertently been included in courier delivery this morning.

It is not yet ready for the President to see in that all of the staffing has not been completed.

Please return to Rick's office.

The President has not seen.

Thanks.

A handwritten signature in cursive script, appearing to read "fran", is located in the bottom right corner of the document.

THE WHITE HOUSE
WASHINGTON

August 18, 1977

Bob Lipshutz
Jim McIntyre

Revised first page to memo staffed
to you on - immediate turnaround
basis - this morning.

Rick Hutcheson

Re: PRM-29

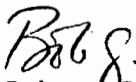
cc: The Vice President
Hamilton Jordan

THE WHITE HOUSE
WASHINGTON

8/18

Trudy:

Attached is a revised first page for the PRM 29 package. It should be substituted as soon as the package returns from Camp David. Also, could you ask for an immediate turn-around from Bob Lipshutz's office. They participated in this process from the beginning and both we and the Domestic Staff are confident Bob will have no problems. Many thanks.



Robert Gates
NSC Staff

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

ACTION

August 17, 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

DAVID AARON *DA*
STU EIZENSTAT *S.E.*

SUBJECT:

PRM/NSC-29: Comprehensive Review of the
Classification System

In PRM 29, you directed the preparation of a new Executive Order governing the classification system with a view to providing greater openness in government while protecting sensitive national security information. Prior to drafting the new Executive Order, we are submitting for your approval the major changes in the system recommended by the SCC and four issues for your decision.

By way of background, the three central features of the present classification system are:

- Automatic downgrading of Top Secret documents to Secret after 10 years, Secret documents to Confidential after 8 years, and declassification of Confidential documents after 6 years. Documents can be exempted from downgrading however, and this exemption has been abused with the effect of keeping many documents classified long beyond necessary;
- Systematic review for declassification of government records after 30 years;
- Authorization without constraints for creation of special access programs or compartments, with resulting unchecked growth in the number of such programs and attendant abuses.

To provide for greater openness and to remedy deficiencies in the present classification system, the SCC unanimously recommends that the new Executive Order include the following major changes:

- Marking a specific date or event for automatic declassification on every classified document, that date or event to be set as early as the national security interest will permit. Unless marked for declassification at an earlier date, Confidential and Secret materials will be automatically declassified after six years, and Top Secret after 20 years, with procedures to extend classification if necessary.
- X*

MEMORANDUM
OF CALL

TO:

☐ YOU WERE CALLED BY Mc Intyre ☐ YOU WERE VISITED BY—

OF (Organization)

☐ PLEASE CALL → PHONE NO. CODE/EXT. _____
☐ WILL CALL AGAIN ☐ IS WAITING TO SEE YOU
☐ RETURNED YOUR CALL ☐ WISHES AN APPOINTMENT

MESSAGE

NSC will be submitting
memo on PRM-29,

Classification Policy
OMB says they will
also have memo

RECEIVED BY

DATE

TIME

2:50





EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

Date: August 17, 1977

TO: Rick Hutcheson

FROM: Deputy Director

Rick, here is the memo we discussed.
Please hold pending your receiving
PRM 29.

THE WHITE HOUSE

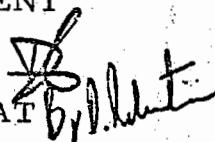
WASHINGTON

ACTION

August 17, 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

DAVID AARON
STU EIZENSTAT 

SUBJECT:

PRM/NSC-29: Comprehensive Review of the
Classification System

In PRM 29, you directed the preparation of a new Executive Order governing the classification system with a view to providing greater openness in government while protecting sensitive national security information. Prior to drafting the new Executive Order, we are submitting for your approval the major changes in the system recommended by the SCC and four issues for your decision.

By way of background, the three central features of the present classification system are:

- Automatic downgrading of Top Secret documents to Secret after 10 years, Secret documents to Confidential after 8 years, and declassification of Confidential documents after 6 years. Documents can be exempted from downgrading however, and this exemption has been abused with the effect of keeping many documents classified long beyond necessary;
- Systematic review for declassification of government records after 30 years;
- Authorization without constraints for creation of special access programs or compartments, with resulting unchecked growth in the number of such programs and attendant abuses.

To provide for greater openness and to remedy deficiencies in the present classification system, the SCC unanimously recommends that the new Executive Order include the following major changes:

- Marking a specific date or event for automatic declassification on every classified document, that date or event to be set as early as the national security interest will permit. Unless marked for declassification at an earlier date, Confidential and Secret materials will be automatically declassified after six years, and Top Secret after 20 years, with procedures to extend classification if necessary.

- Administrative sanctions for abuse of classification authority and for unauthorized disclosure;
- Establishment of standards to limit the use of special access compartments and to ensure that the information in such compartments is available to senior policy makers when they need it;
- Classification marking of documents to show which sections are classified at which levels (to avoid overclassification of papers that quote classified documents and to facilitate declassification);
- Establishment of specific, mandatory criteria on what may be classified;
- A requirement that classifiers weigh the need to protect information against the public's need to know;
- A requirement that when material is reviewed for declassification it be released unless such release would be demonstrably harmful to the national security;
- Specific authorization to classify and protect information provided in confidence by a foreign government as well as to protect the identity of an unofficial foreign source.

APPROVE SCC RECOMMENDATIONS _____ DISAPPROVE _____

Your specific decision is needed on four other issues:

1. 20 Year Systematic Declassification: The heart of the new system is the unanimous recommendation of the SCC that the period for systematic review of documents for declassification be advanced from the present 30 years to 20 years. Information provided in confidence to the US by foreign sources should be exempted from this change in view of present declassification arrangements with several governments on a 30 year basis.

Your specific approval of this change is requested because the shift from 30 to 20 years is expected to cost \$6.3 million annually over the ten year implementation period (in addition to the \$3.4 million now being spent on systematic declassification). This would be a

one-time "catch up" cost as agencies process the backlog of millions of documents between 20 and 30 years old. Substantial reductions in this annual cost would be effected at the end of the ten year period. All agencies endorse this change if the resources will be available to implement it. We concur.

APPROVE 20 year systematic declassification; review of foreign originated materials to remain at 30 years _____

DISAPPROVE, keep review at 30 years _____

2. Whether to require secrecy agreements. Some agencies presently require their employees to sign secrecy agreements providing administrative sanctions and/or civil penalties (injunctions, fines) if they reveal classified information. The DCI recommends that all agencies require such secrecy agreements as a condition for access to classified information. While there is sympathy for this proposal, other agencies point out that such a requirement would recall loyalty oaths and have a negative public impact. These agencies believe that it should be left to individual departments and agencies to determine whether their employees should be required to sign a secrecy agreement as a condition for employment or access. Because of the limited value of such agreements and the fact that this requirement likely would negate the positive impact of the other reforms of the classification system, we recommend against a uniform required agreement.

APPROVE leaving to agencies _____

APPROVE Government-wide uniform secrecy agreement _____

3. Oversight of Classification System. There is agreement among all agencies that the weak, nearly moribund unit that currently is supposed to deal with classification matters--the Interagency Classification Review Committee and staff located in GSA--should be abolished and replaced with a management-oriented organization having additional authority and status to direct implementation of the new classification system. The SCC unanimously recommends that the replacement organization, the "Security Information Oversight Office," with a total complement of no more than 10, be located in a unit of the Executive Office of the President as appropriate to its government-wide responsibilities.

All agencies except OMB agree that the Oversight Office should be located in OMB to ensure the existence of a tough monitoring unit with no conflicts of interest. Also, the mission of the Oversight Office is closely related to OMB's managerial responsibilities. The location of this function in the NSC--the only alternative--would be inconsistent with your efforts to keep the NSC out of operational matters. Bob Lipshutz and we share this view. OMB prefers, however, to place the Oversight Office in NSC due to the present lack of relevant expertise in OMB and the desirability of locating the function in that part of the EOP on whose substantive judgment the President will lean most heavily.

APPROVE replacement of existing Committee with new Oversight Office with enhanced responsibilities and authority _____

OMB Location (recommended) _____ NSC Location _____

4. Making the draft E. O. available to the public prior to your signature. There have been a number of requests from the Congress, the ACLU, and other groups to see and comment on the draft Executive Order before you sign it. We recommend that the draft be made available to those who have expressed an interest and to others upon request. This would be a significant demonstration of your commitment to open government and an approach especially appropriate for an Order intended to make more information available to the public. It is also possible that refinements might be suggested through this process which could improve the final Order.

APPROVE informal circulation of draft to Congress and interested public _____

APPROVE informal circulation of draft only on Hill _____

DISAPPROVE _____

THE WHITE HOUSE
WASHINGTON

May 23, 1978

Stu Eizenstat

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling.

Please inform USDA.

Rick Hutcheson

MEAT IMPORT LEGISLATION

THE WHITE HOUSE
WASHINGTON

~~SE~~

cc SE

pls inform USDA

THE WHITE HOUSE

WASHINGTON

May 18, 1978

Mr. President --

We received your note advising us to "strongly oppose" the Bentsen amendments to the Meat Import Act. Though nearly all your advisors concur on this, the Department of Agriculture continues to argue for adoption of a counter-cyclical formula and for broadening coverage of the Act to include processed meats. Consequently, we drafted the attached decision memorandum.


-- Stu --

Stu
Q
/

THE WHITE HOUSE

WASHINGTON
May 19, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
LYNN DAFT *DAFT*

SUBJECT: Meat Import Policy

As we reported earlier, the Congress is now considering a number of proposals to amend the Meat Import Act of 1964. In preparation for Administration testimony next Monday, May 22nd, the Working Group on Food and Agricultural Policy has deliberated the issue. Members of the Working Group are unanimous in recommending that the Administration adopt the following positions:

- o Oppose further restrictions (such as the use of quotas) on the importation of live cattle.
- o Oppose measures requiring that products containing imported meat be labeled "imported".
- o Oppose the use of semi-annual (versus annual) quotas.
- o Oppose measures that would be a further restriction of Presidential powers to suspend quotas when warranted.

There are two additional issues, however, on which the Working Group was not in unanimous agreement. We are therefore seeking your guidance in determining the Administration position on these issues.

Issue 1. Should the Administration support an amendment to the present Meat Import Law to require meat import quotas to be set at levels that move counter to the domestic cattle cycle?

Pro: The Department of Agriculture argues that we should support such an amendment, though they are not satisfied with the formulas contained in the pending bills. They would want to leave open the question of a specific formula until they have assessed the options more thoroughly. Their principal reasons for taking this position are:

- ** It is illogical and unfair to establish import quotas by use of a formula that causes them to rise when domestic production is expanding and to contract when domestic production is on the decline.
- ** Adoption of a countercyclical formula would add some strength to domestic cattle prices and to producer cash receipts during periods of excessive supplies ... in USDA's opinion, more strength than the results of their quantitative analyses suggest.
- ** Politically, adoption of this change would be well received by cattle producer interests. This industry has been under considerable economic stress over the past 3 to 4 years.
- ** To the extent that adoption of such a formula causes foreign suppliers to adjust their production countercyclically to U.S. production, it will result in a greater degree of stability in total world supply.

Con: All other agencies participating in the deliberation, including State, Treasury, CEA, STR, NSC, OMB, COWPS, Esther Peterson, Peter Bourne, and DPS are opposed to adoption of a countercyclical formula. Some agencies would even prefer to repeal the current law, although it is generally felt that this would not be realistic politically and is therefore not recommended at this time. The major arguments against adoption of a countercyclical formula are these:

- ** Since the cattle cycle in the major exporting countries (Australia, New Zealand, and Argentina) tends to be synchronized with our cycle and since these countries are heavily dependent on the U.S. market, adoption of a countercyclical formula would create rather serious adjustment problems for these countries.
- ** The existing import quota authority already provides countercyclical protection to the domestic livestock industry and consumers. It significantly restricts the quantity of imports below free trade levels at all times. And when domestic supplies are tight, it provides the authority to suspend quotas and

allow additional quantities to enter. The authority to suspend quotas has been exercised four times -- in 1970, 1971, 1973, and 1974. Another suspension will probably be proposed within the next few days.

- ** Quantitative analysis of the impact over the next 10 years of using a countercyclical formula suggests that the pattern of imports would change substantially but that it would have very little effect on either domestic prices (farm, as well as retail) or cash receipts (see Table 1).
- ** Politically, the primary concern at present is inflation. Livestock producer incomes are now much improved, following 3 or 4 years of distress and will continue attractive for several years. All the formulas that have been proposed to-date would further restrict imports (in comparison with expected administration of current law) and therefore exacerbate the inflation problem.
- ** After an extensive investigation only last year, the International Trade Commission (ITC) concluded that meat was not being imported in such increased quantities as to be a substantial cause of serious injury to the domestic industry and therefore recommended against any action to further restrict imports.

DECISION

✓ Support adoption of a countercyclical formula (USDA)

Oppose adoption of a countercyclical formula (State, Treasury, CEA, OMB, STR, NSC, COWPS, Esther Peterson, Peter Bourne, and DPS)

J

Issue 2. Should the Administration support an amendment to the present Meat Import Law that would expand coverage to include various processed meats, in addition to the fresh, chilled, and frozen beef and veal now included?

During 1969-1977, the U.S. imported an average of 172 million pounds annually of processed meats, the equivalent of 13 percent of total beef imports. The year-to-year variation ranged from 106 million pounds in 1975 to 219 million pounds in 1970. Argentina and Brazil are the principal suppliers. One of the legislative proposals under consideration by the Congress would limit importation of these products to about 200 million pounds annually during 1979-88.

Pro: The Department of Agriculture argues in support of such an amendment on the following grounds:

- ** For consistency, we should include all meats in our quotas, not just fresh, chilled, and frozen meats.
- ** Politically, this change would be well received by the livestock producer interests.

Con: The other agencies, including State, Treasury, CEA, OMB, STR, COWPS, NSC, Esther Peterson, Peter Bourne, and DPS, oppose this amendment for the following reasons:

- ** It is inconsistent with our policy of opposing restrictive actions unless they are fully justified and with our current efforts through the MTN to liberalize trade in agricultural products.
- ** These restrictions would add further to inflationary pressures, unless the base was adjusted accordingly.
- ** Most of these products are not produced in this country and therefore are not directly competitive with U.S. products.
- ** This restriction would adversely affect certain developing countries, including Brazil, Argentina, and Paraguay.
- ** It would also place the United States in violation of the General Agreement on Tariffs and Trade, thereby opening up the possibility that supplier nations might claim compensation

for resulting damage to their exports or in some other way retaliate against U.S. export interests.

DECISION

_____ Broaden the quota coverage to include processed meats (USDA)

✓

_____ Oppose expanded coverage (State, Treasury, OMB, CEA, STR, NSC, COPWS, Esther Peterson, Peter Bourne, and DPS)

Frank Moore feels it is essential that Senator Bentsen receive advance notice of our position. He would also emphasize the inflation impact when a decision is announced.



TABLE 1.

Comparison of the Effects of Alternative
Meat Import Policies
Projected Totals for 1979-88

Item	Continuation of Present Law	Present Law with Counter- cyclical Formula	Bentsen Bill	Repeal of Present Law
Domestic Beef Production Million Lbs. Carcass Wt.	249,494.5	249,115.6	249,155.3	247,763
U.S. Imports Produce Wt.	11,401 *	12,094	14,161 **	19,214
Average U.S. Utility Cow Price Dollars/Cwt.	35.79	35.81	35.83	34.08
Average U.S. Farm Price of Cattle Dollars/Cwt.	51.16	51.18	51.21	49.21
Total Cash Rcpts. from Slaughter Cattle Million Dollars	224,148.1	222,988.2	224,175.5	215,175.5
Average U.S. Per Capita Beef Con- sumption Lbs.	116.8	117.0	116.5	121.2
Average U.S. Re- tail Beef Price Cents Per Pound	193.3	193.2	193.4	186.8

Source: U.S. Department of Agriculture

* This understates the actual level of imports that could be expected if the program is administered as it has been in the past. Actual imports are estimated at 13,000 million pounds.

** This includes about 2,000 million pounds of processed meats that are not included under current law.

PRIVATE SECTOR JOBS INITIATIVE

DINNER REMARKS

Q
—

Let me begin by welcoming you to the White House, and by thanking you for accepting this invitation.

This is an important occasion: the beginning of a new partnership of government, business, and labor to fight the problem of long-term, hard-core unemployment.

Few problems have been more difficult in recent years. In spite of our successful efforts to sustain economic growth, a large number of men and women have been left behind -- jobless even in periods of relatively low unemployment. I am especially concerned about young people who are reaching maturity without ever having a meaningful job.

We can -- and have -- provided temporary public employment for the structurally unemployed. We can -- and have -- provided various forms of financial aid. For hundreds of thousands of people, this has helped -- temporarily.

The missing element in our effort, however, has been in providing skilled, permanent, meaningful private-sector jobs. That's what this evening is all about.

In February, I asked Congress to establish Private Industry Councils, as part of Title VII of the Comprehensive Employment and Training Act. In cities and counties across the nation, the councils of business and labor would mount local projects to reduce structural unemployment.

That bill has now cleared full committees of both the House and Senate, and will soon be ready for floor action. We have also asked for \$400 million to

fund the program in its first year. Several members of Congress who greatly helped this program are with us here.

Senator Harrison Williams

Congressman Carl Perkins

Senator Gaylord Nelson

Senator Jacob Javits

Congressman Augustus F. Hawkins

Congressman Albert Quie

Congressman ~~Par~~^{en} Mitchell

This is an ambitious effort. Working with local government, educators and community organizations, the new councils would develop training and jobs for an estimated 100,000 disadvantaged persons in the first year.

The key to success will be effective local councils, and the renewed national leadership of the National Alliance of Business. No one deserves more credit for this new initiative than Bill Miller, who until recently was ~~Chairman~~^{President} of the NAB. I hope he will continue his involvement.

When Bill became Chairman of the Federal Reserve Board, I asked Reuben Mettler of TRW to take his place

as chairman of the NAB. And today, I am asking the NAB to assume a new role of leadership nationally and in technical assistance.

We also worked closely with business and labor groups, state and local governments, educators and community organizations to develop this program. Many of you have made special contributions.

This program is an important part of our comprehensive urban policy proposals. We are dealing with areas such as transportation, housing, social services, job creation and employment, and financing. We are undertaking reforms in existing programs to make them more efficient and responsive. And we are proposing new financial incentives for businesses in urban areas.

This is a large undertaking. We are committing significant resources to implement our proposals and we are making progress.

Last Friday, Vice President Mondale, announced the forwarding to the Congress of a new targeted employment tax credit. This morning Rosalynn joined Secretary Harris and Livingston Biddle, Chairman of the National Endowment for the Arts, in announcing two programs aimed at assisting neighborhoods in making cities more liveable.

However, the Federal government can not alone deal with urban needs. As in any partnership, success depends on the effort made by each of the partners. The Federal government can provide the structure and the funds.

But our ultimate success can come only from you -- as you spread the word, as you help establish councils, and as you devote your continued time and effort.

I know that we can count on you. And I pledge my strong personal interest and wholehearted support.

#

2717

THE WHITE HOUSE
WASHINGTON

May 23, 1978

The Vice President
Hamilton Jordan
Stu Eizenstat
Tim Kraft
Bob Lipshutz
Jack Watson
Frank Moore
Jody Powell
Anne Wexler
Jim McIntyre
Hugh Carter

Rē: Cabinet Summaries

The attached were returned in the President's outbox today and are forwarded to you for your personal information.

Rick Hutcheson

EYES ONLY

confidential attachment

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND
<input type="checkbox"/>	NO DEADLINE
<input type="checkbox"/>	LAST DAY FOR ACTION -

ACTION
FYI

<input type="checkbox"/>	ADMIN CONFID
<input type="checkbox"/>	CONFIDENTIAL
<input type="checkbox"/>	SECRET
<input checked="" type="checkbox"/>	EYES ONLY

<input type="checkbox"/>	VICE PRESIDENT
<input type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input type="checkbox"/>	WATSON
<input type="checkbox"/>	WEXLER
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	MCINTYRE
<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ADAMS
<input type="checkbox"/>	ANDRUS
<input type="checkbox"/>	BELL
<input type="checkbox"/>	BERGLAND
<input type="checkbox"/>	BLUMENTHAL
<input type="checkbox"/>	BROWN
<input type="checkbox"/>	CALIFANO
<input type="checkbox"/>	HARRIS
<input type="checkbox"/>	KREPS
<input type="checkbox"/>	MARSHALL
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VANCE

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BUTLER
<input checked="" type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	CRUIKSHANK
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PETTIGREW
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN
<input type="checkbox"/>	WISE
<input type="checkbox"/>	
<input type="checkbox"/>	

Bill- ch of OMB re
 timing of natural
 resources

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND
<input type="checkbox"/>	NO DEADLINE
<input type="checkbox"/>	LAST DAY FOR ACTION -

ACTION
FYI

<input type="checkbox"/>	ADMIN CONFID
<input type="checkbox"/>	CONFIDENTIAL
<input type="checkbox"/>	SECRET
<input type="checkbox"/>	EYES ONLY

<input type="checkbox"/>	VICE PRESIDENT
<input type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input type="checkbox"/>	WATSON
<input type="checkbox"/>	WEXLER
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	MCINTYRE
<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ADAMS
<input checked="" type="checkbox"/>	ANDRUS
<input type="checkbox"/>	BELL
<input type="checkbox"/>	BERGLAND
<input type="checkbox"/>	BLUMENTHAL
<input type="checkbox"/>	BROWN
<input type="checkbox"/>	CALIFANO
<input type="checkbox"/>	HARRIS
<input type="checkbox"/>	KREPS
<input type="checkbox"/>	MARSHALL
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VANCE

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	CRUIKSHANK
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PETTIGREW
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN
<input type="checkbox"/>	WISE
<input type="checkbox"/>	
<input type="checkbox"/>	

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND
<input type="checkbox"/>	NO DEADLINE
<input type="checkbox"/>	LAST DAY FOR ACTION -

ACTION
FYI

<input type="checkbox"/>	ADMIN CONFID
<input type="checkbox"/>	CONFIDENTIAL
<input type="checkbox"/>	SECRET
<input type="checkbox"/>	EYES ONLY

<input type="checkbox"/>	VICE PRESIDENT
<input type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input type="checkbox"/>	WATSON
<input type="checkbox"/>	WEXLER
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	MCINTYRE
<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ADAMS
<input type="checkbox"/>	ANDRUS
<input type="checkbox"/>	BELL
<input type="checkbox"/>	BERGLAND
<input type="checkbox"/>	BLUMENTHAL
<input type="checkbox"/>	BROWN
<input checked="" type="checkbox"/>	CALIFANO
<input type="checkbox"/>	HARRIS
<input type="checkbox"/>	KREPS
<input type="checkbox"/>	MARSHALL
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VANCE

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	CRUIKSHANK
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PETTIGREW
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN
<input type="checkbox"/>	WISE
<input type="checkbox"/>	
<input type="checkbox"/>	



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

C

May 19, 1978

MEMORANDUM FOR THE PRESIDENT

THROUGH: Rick Hutcheson, Staff Secretary

FROM: Brock Adams

SUBJECT: Significant Issues Pending at the Department of
Transportation

Civil Service Reform - When speaking to Members about the Administration's proposal for Civil Service Reform, I have been pointing out that a section included in the Fuels Transportation Safety Act (H.R. 11622) by the House Interstate and Foreign Commerce Committee requires me as Secretary to personally carry out the functions of the Department's Materials Transportation Bureau and Office of Pipeline Safety if Directors are not appointed within 180 days. This was added in response to my testimony that presently we have Acting Directors in these offices and red tape and Civil Service delays were hampering the Department's recruitment and placement effort. I think it is significant that Congress has resorted to including language in bills setting deadlines for filling departmental positions as a result of the current Civil Service system.

I will be writing directly to Members of the Authorizing Committees with which the Department works, stressing the importance of prompt passage of your Civil Service Reforms. Also, within the Department, we have already had a series of briefings for senior staff and we will extend these to include employees at all levels.

Transportation Appropriations - The transportation funding mark in the FY 1979 Congressional Budget Resolution represents a substantial victory for the Administration. The Congressional Appropriations and Authorizations Committees recommended additions of more than \$7 billion to the Administration's request of \$18.6 billion. The Budget Resolution adds \$900 million, or less than 5 percent above budget levels the Administration would support.

Railroad Issues - Today I have sent under separate cover two memoranda dealing with our national railroad difficulties. The first addresses Federal oversight of ConRail and the second covers policy directions for the railroad industry. I look forward to discussing these with you at our Tuesday Spring Preview meeting.

Travel - On May 30, I will be swearing in the new Commandant and Vice Commandant of the Coast Guard, Admiral John B. Hayes and Admiral Robert H. Scarborough, Jr., respectively. Following this ceremony, I will be departing for Belgium, where I will attend the European Conference of Ministers of Transport meeting in Brussels. I will also be traveling to the Netherlands, Denmark, and Norway where I will be meeting with the Ministers of Transportation of those nations and the Norwegian Parliament, and returning on June 9. Deputy Secretary Butchman will be attending the June 5 Cabinet Meeting in my stead.



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

FYI

May 19, 1978

C
1

MEMORANDUM FOR THE PRESIDENT

Subject: Highlights of Treasury Activities

1. CIVIL SERVICE REFORM

I have been meeting with the senior people of my department and have been lobbying on the Hill for the reform program. We have begun a series of bi-weekly Treasury information bulletins on various aspects of the reform program. I also am ensuring that Treasury field office employees are fully briefed, particularly on those issues which have become controversial.

2. TAX REFORM BILL

I have been working very closely behind the scenes to see how the best possible tax package can be put together in the Ways and Means Committee. This is an incredibly complex task, with fully as many crosscurrents and obstacles as exist in the energy bill situation. Nevertheless, some progress has been made and I have briefed Stu accordingly. We have requested a meeting with you at the earliest possible date to discuss this important matter.

3. THE DOLLAR

The recent upsurge in the dollar's value seems to have run its course. Indeed, selling pressure developed this week, stemming in part from the unraveling of the natural gas compromise. This illustrates the connection between the dollar and the energy program. While I am very pleased about the dollar's recent improved performance, I am by no means sanguine about the longer-term prospect.

4. F-15's

You should know that several chief executive officers of major corporations went to work for us on the Middle East arms package after you called me. These included Harry Gray of United Technologies, T. Wilson of Boeing, John deButts and others.

5. NEW YORK CITY

Last week, the local leaders imposed a May 20 deadline on themselves for resolving labor and financing negotiations and for enacting necessary State legislation. Some progress has been made during the past few days on both the State legislation and on new financing commitments, although more is needed. It is not clear, however, whether a breakthrough in the crucial labor negotiations will occur.

City officials and union leaders are negotiating around the clock, but still are fairly far apart. Failure to reach agreement would jeopardize the timing of Senate Banking Committee hearings, which are now scheduled for May 24.

Mike

W. Michael Blumenthal

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Cabinet Summary	Young to Pres. Carter, 1 pg., re:UN activities	5/19/78	A

FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential Handwriting File 5/23/78 [2] Box 87

RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
- (B) Closed by statute or by the agency which originated the document.
- (C) Closed in accordance with restrictions contained in the donor's deed of gift.



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, D. C. 20410

May 19, 1978

MEMORANDUM FOR: The President
Attention: Rick Hutcheson, Staff Secretary

SUBJECT: Weekly Report of Major Departmental Activities

FHA Mortgages Up. For the second month in a row, the number of FHA insured single-family mortgages has exceeded that of the same period in 1977. During April, 54,000 home mortgage applications were received. At this rate, the Department will reach the Fiscal Year 1978 goal of 615,000 cases.

HUD Active in Protecting Purchasers of Undeveloped Land. The Department continues an active program of enforcement of the Interstate Land Sales Registration program. During 1977, HUD reached settlements with developers in which refunds of approximately \$133,500,000 have been offered to purchasers of undeveloped land by developers. There have been 87 indictments against individuals and companies and HUD has also initiated 25 injunction cases against 49 companies and 78 individuals for failure to make full disclosure of facts concerning undeveloped land.

HUD Listens to Its Clients. The Department has completed the first phase of its FY 1980 Budget Outreach Program. Nine sessions were held in cities across the United States, during which over 80 State and local governmental officials, representatives from community development organizations and from fair housing organizations offered suggestions on how HUD could better design and manage its programs and any additional resources required. The second phase, during which major public interest groups with headquarters in Washington, D.C. will be consulted, begins May 25.

Philadelphia Community Development Block Grant Program Application Approved. A \$62,952,000 fourth year Community Development Block Grant application for Philadelphia has been approved conditional upon the City's concentrating significant funds in specific sections of the city that need comprehensive improvement. Civil rights law compliance issues still outstanding may ultimately require some reprogramming of these funds.

Maine Receives HUD Grants to Rehabilitate Rural Homes. More than 650 low and moderate income homeowners in rural Maine are expected to receive rehabilitation help from a \$200,000 Community Development Innovative Grant. The program combines existing Federal, State, local and private resources to rehabilitate the homes of rural poor who cannot afford even the most essential of home repairs.

HUD Seeks Improvements in Programs for Distressed Cities. Representatives from the Department met with mayors from 13 distressed cities from all sections of the country to address major financial management problems. Among the problems: forecasting Federal and State grant revenues, techniques for measuring performance and the need for financial data for decision making purposes.

Pat

Patricia Roberts Harris

THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON
20506

C

May 19, 1978

MEMORANDUM FOR THE PRESIDENT

From: Ambassador Robert S. Strauss

RS

Subject: Weekly Summary

The MTN problems are getting tougher each day. On the one hand, we are getting into the very hard issues with Japan and the EC, and on the other hand, we have mounting pressure from the various constituent groups, i.e., textiles, agriculture generally, steel, chemicals, etc. No one is willing to give -- everyone wanting to get. I worry where our support will come from in the Congress. We will have major difficulties keeping textiles and steel in the MTN and without them, there can be no MTN. I am neither alarmed nor pessimistic, but I am concerned as the pressures continue to mount and more and more members of the House and Senate sign resolutions for constituent groups.

I am concerned about the attitude of the British in the MTN. Below Callaghan, they are all very negative with the possible exception of Healy. If you could drop Callaghan a note telling him "that the matter is so important that the two of you should see that the various secretaries move constructively," it would be very helpful. My judgment is that Callaghan is the only fellow in the U.K. who has a commitment and Kingman Brewster verifies this.

On the up side, we are making progress in a number of areas and the strength of McDonald and Wolff enables me to devote increasing time to inflation tasks. After July, I will devote almost full-time to inflation. Things are moving a bit as we try to get organized. A very significant General Motors announcement with respect to compensation increases for salaried employees is an example. They will meet and beat your request and, as additionally stated in their press release, will redouble efforts in budgeting and operations to exercise discipline over costs. In case you care to read it, I ~~attach~~ hereto a copy of the release itself. Other companies will be following suit. There are other corporate actions that are also encouraging and in the

labor area, I have had good conversations with Glenn Watts, Paul Hall and others with respect to the future. They realize Meany got into a box and doesn't know how to get out. For the immediate, Bosworth, Schultze, and I are taking a very hard line on some pending paper negotiations by non-AFL-CIO unions on the west coast, as well as continuing to take a hard line in the postal and rail negotiations.

I am indeed sorry that I cannot be at the May 25th budget meeting. I will be on the west coast for inflation meetings on Tuesday, and have negotiations with Ushiba and his group in Los Angeles Wednesday, coming into Dallas on Thursday for an annual Chamber of Commerce speech beginning at 11:30 a.m. I have talked to McIntyre who will brief me immediately upon my return. In the meantime, my political soundings around this country convince me that there is no issue as important to your Administration as budgetary restraints. We absolutely must mobilize everyone behind your proposed 1980 budget. We must also, Mr. President, get something substantial out of the Task Force that will be working with the departments and agencies on the inflation side. There is a "hostility" toward Government generally, that I have never evidenced before with such intensity.

~~Enclosure~~



GENERAL COUNSEL OF THE
UNITED STATES DEPARTMENT OF COMMERCE
Washington, D.C. 20230

"FYI"

C
/

May 19, 1978

REPORT TO THE PRESIDENT

Key economic data released this week indicate that corporate profits from current operations (excluding inventory profits) declined 12% in the first quarter, caused principally by severe weather and the coal strike. However, in April personal income and industrial production gains were strong, and housing starts registered another advance after a record rise in March.

The Department has been reviewing the Energy Expo '82 financial plan in the hope that during your visit to Knoxville you could announce your proclamation to invite foreign nation participation in this event. Although substantial progress has been made by local officials in developing an acceptable financial plan, a key element of the plan is the acquisition of an Urban Development Action Grant from DHUD in the amount of \$13.8 million. Our current information is that final DHUD action on Knoxville's application will not be announced until June 30.

Under the Resource Conservation and Recovery Act, the Department has just selected Knoxville as one of seven U.S. cities which will be studied as possible centers for cooperative resource recovery projects. Because of the energy conservation aspects of such centers, this project could be especially timely and relevant to Energy Expo '82.

As part of an effort to further private sector understanding and support, last Tuesday Secretary Kreps presented a detailed review of your urban policy proposals to the Greater Buffalo Chamber of Commerce. The response by those present, including Mayor James Griffin and Congressman Nowak, was enthusiastic and supportive. We believe this response is both encouraging and noteworthy because of Buffalo's particularly severe urban problems. Wide media coverage was provided.

A modest but encouraging victory in the continuing paperwork battle will be reflected in the Federal Register shortly by a Maritime Administration announcement that Forms MA 721 and 722 will no longer be required from ships entering or leaving U.S. ports. Approximately 50,000 such reports have been filed annually. Under a new system "Form 721/722" information (required to administer the operating differential subsidy program) will be extracted by computer from foreign trade data files maintained by the Bureau of the Census.


C. L. Haslam
Acting Secretary



Department of Energy
Washington, D.C. 20585

May 19, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JIM SCHLESINGER *JS*

SUBJECT: Weekly Activity Report --
Week of May 15 - 21, 1978

1. National Energy Act. With the thirteenth vote on the House Conference Committee secured for the natural gas bill, we are attempting to add an additional one or two votes to produce a more comfortable margin. Senator Jackson has expressed some unease with a House margin of one, and additional support would be most useful. The major agreements in the natural gas conference must be concluded next week, since a number of the Senate Republicans supporting the bill have indicated they will be unable to resist pressure on them to change position beyond that time.

With natural gas hopefully resolved, we will gear up for the energy tax bill, and particularly COET. Russell Long appears willing and eager to move quickly, and early enactment is needed to preserve this central part of the Administration's program and to end the continuing difficulties caused by the entitlements program, difficulties that have surfaced recently in connection with proposals on particular California and East Coast crude and product supply problems.

2. Energy Supply Initiatives. On May 16, the Department transmitted to the Congress the package you approved containing supply initiatives, including \$130 million in reprogrammed FY 1979 funds for solar and other renewable resources, unconventional natural gas, and high BTU loan guarantees. In addition, the Department indicated that FY 1978 reprogrammed money would be used to initiate design studies on a number of synthetics from coal plants, including SRC I and II. I testified on the 16th before Senator Robert Byrd's Senate Appropriations Subcommittee on the initiatives, as well as the rest of the FY 1979 DOE budget, and judged the reception to the supply initiatives to be generally good.

U. S. DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

C

May 19, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR, Ray Marshall *for*

SUBJECT: Major Departmental Activities, May 13-19

Actions to support civil service reform. On Tuesday of this week in my speech to the NAACP Legal Defense Fund I stressed the importance of civil service reform and urged them to help the Administration in our efforts. In addition the Department has taken steps to educate our employees and we have communicated this to Scotty Campbell and Ann Wexler. I will also send follow-up letters next week to the members of Congress, who I have already contacted by phone.

OSHA to issue citations on scaffolding accident in West Virginia. Several weeks ago this accident caused the death of 51 people. OSHA has been conducting an intensive investigation and on Thursday plans to issue citations against the construction company for violating at least three major safety standards. The company will be assessed substantial penalties for these violations.



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

C

May 19, 1978

MEMORANDUM TO THE PRESIDENT

Through Rick Hutcheson
Staff Secretary

SUBJECT: Weekly Report


TRAVEL. Secretary continues meetings with agriculture officials in Eastern Europe: Poland (May 18-20), Hungary (May 20-23), and Romania (May 23-25). Secretary will return May 26.

SET-ASIDE. As of May 4, set-aside figures totaled 7.1 million acres of wheat and 4.8 million acres of feed grains, while an additional 307,044 acres of cotton and 3.3 million acres of feed grains will be diverted; 0.7 million acres of wheat have been earmarked to be grazed or cut for hay.

EEC DECISIONS. EEC agreed to raise 1978/79 farm prices an average of 2.25% including 3% increase for cereals, 2% for sugar, 2.5% for beet and 2% for dairy products. EEC is examining whether it should have power to impose countervailing duties on oilmeal imports into EEC including imports of U.S. soybean meal. (Duties would be intended to protect European crushing industry from intense competition from U.S. and Brazilian soybean meal as well as feed substitutes such as tapioca from Thailand.)

REA/ENERGY CONSERVATION. Rural Electrification Administration is developing draft policy that would require rural electric cooperatives to dedicate a reasonable amount of resources, both monetary and personnel, to aggressive energy conservation programs. Applications for future REA financing would have to include such energy conservation programs.

AGRICULTURAL TRADE SURPLUS. With recent strengthening in prices and indicated shipments more than a tenth above 1977's record volume, we now forecast FY 1978 agricultural exports to top 1977's record \$24 billion by \$1 to \$2 billion. Agricultural imports may total around \$13-1/2 billion, leaving a trade surplus of around \$12 billion up from \$10.6 billion in FY 1977.


CAROL TUCKER FOREMAN
Acting Secretary

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

May 20, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *CLS*

SUBJECT: CEA Weekly Report

Summit Preparation. This weekend, I met with representatives of the seven summit nations to develop a paper for presentation next week to the Summit Preparatory Group. The first draft of the paper was prepared at CEA with extensive assistance from the State Department and Henry Owen.

Health Insurance. My staff has been working with OMB, the Domestic Policy Staff, and HEW in the preparation of informational and decision materials for you on National Health Insurance.

Economic Forecast. The interagency forecasting group, chaired by CEA, has been meeting this week to complete work on the latest complete Administration economic forecast. As soon as the work is complete, I will report to you on the results of that forecast, which should not differ markedly from the outlook that we presented to you during our recent discussions on the tax program.

Cotton Dust Regulation. CEA, DPS, CWPS, and OMB are reviewing a proposed final OSHA regulation of cotton dust levels in textile factories. Although the regulation has been revised somewhat in response to comments from CWPS, the regulation still raises important questions for economic policy and for our anti-inflation efforts. It is quite possible that we will be seeking your intervention in this matter shortly.



United States
Environmental Protection Agency
Washington, D.C. 20460

C
/

The Administrator

May 19, 1978

REPORT TO THE PRESIDENT

FROM: Douglas M. Costle

A handwritten signature in dark ink, appearing to read "Douglas M. Costle", written over the typed name.

1. Pesticide Legislation

I want to alert you to a potential problem with the Congressional Conference Committee dealing with amendments to the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA). The Administration's position has been prevailing, by a very narrow margin, on all major issues to date. It now appears that we run the risk of losing on one critical provision which would significantly weaken existing federal review of state registration of pesticides. If we lose on this issue, I will probably recommend that you veto the bill.

The final Conference meeting is tentatively scheduled for next Wednesday, and we are working closely with Frank Moore's office to see that we win this one.

2. Meeting with Environmentalists

This morning I met with some of the environmentalists who met with you last week. They expressed disappointment at their own failure to convey their recognition of your accomplishments in environmental matters. The tone of the meeting was friendly and positive; basically, they wanted to know how they could more effectively support the Administration's positions.

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
722 JACKSON PLACE, N. W.
WASHINGTON, D. C. 20006

C/

May 20, 1978

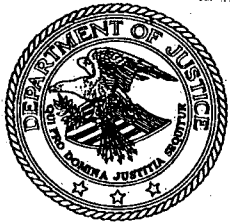
MEMORANDUM FOR THE PRESIDENT

FROM: Charles Warren *Charles Warren*
Gus Speth

SUBJECT: Weekly Status Report

U.N. Environment Program (UNEP): Last week I attended the annual meeting of the Governing Council of UNEP where I presented your Sun Day expression of support for a U.N. conference on Renewable Energy Resources and Technology. Along with Energy, State and other departments we will move ahead with the staff work necessary to implement your pledge.

Lake Tahoe: We met with Senator Cranston, Governor O'Callaghan, Congressman Santini and representatives of Senators Cannon and Laxalt, all of whom agreed that our proposed settlement agreement and bi-state compact amendments can be formally drafted. If all goes well (and a few hurdles remain), I hope to conclude this effort by the end of June.



Office of the Attorney General
Washington, D. C. 20530

May 19, 1978

Re: Principal Activities of the Department of
Justice for the Week of May 15 through 19

1. Meetings and Events

The Attorney General spoke to the Annual Meeting of the American Law Institute and to the Ninth Circuit Judicial Conference in Phoenix this week.

2. Deputy Attorney General

Benjamin Civiletti was sworn in as Deputy Attorney General by Attorney General Bell on May 16 before a large gathering of Justice Department employees in the Great Hall.

3. Houston Police Officers Case

The Civil Rights Division this week filed a notice of appeal from the district court's decision to suspend sentence and grant probation to three Houston police officers convicted in connection with the death of a Mexican-American prisoner while in custody. The Department will contend that the statute authorizing probation does not permit its use for this offense.

4. Legislative Report

a. Wiretap Bill - Following a discussion last week with the Attorney General, the Director of the FBI, the DCI, and the Director of NSA, the House Intelligence Committee this week reported the Foreign Intelligence Surveillance Act by a vote of 8 to 2. The House version of the Bill would exempt from the warrant requirement communications "exclusively between or among foreign powers."

b. Criminal Code - The Mann Subcommittee in the House has held one day of hearings and will next move to consider sentencing reform. It is still not clear that the Subcommittee will use the Senate bill format or that it will do more than codify and clean up Title 18. The Attorney General has spoken to several Congressmen on this Subcommittee to elicit their support for some form of comprehensive legislation this year.

c. Special Prosecutor Bill - On May 16, the House Judiciary Committee reported out the Special Prosecutor Bill, a version of which has already been passed by the Senate. An amendment to require a special prosecutor for the KCIA and other cases involving Congressmen was defeated.



VETERANS ADMINISTRATION
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS
WASHINGTON, D.C. 20420
May 18, 1978

C
/

TO : The President
THRU : Rick Hutcheson, Staff Secretary
FROM : Administrator of Veterans Affairs

Max Luf

VA Presidential Update

Too
high

First Concurrent Budget Resolution - House-Senate conference action settled on a \$2.2 billion budget authority increase over your F. Y. 1979 budget request for veterans benefits and services. In budget outlays, the increase voted was \$1.7 billion.

Employment of Veterans, Women and Minorities - VA not only leads in employment of veterans, but also ranks high in employment of women and minorities. Veterans - Employs more than 88,500, including 7,210 female veterans. We have hired over 11,100 Vietnam era veterans in just the last year, bringing total VEV employment to nearly 38,000. Women - Now constitute 50.6% of total work force. At GS-12 and above, women hold 17.5% of jobs (compared to 7.1% for all government) including 14 top jobs. Over 11% of all VA full-time physicians are women. Minorities - Represent nearly 30% of total work force (compared to 21.1% in all government.) Blacks comprise 25.3% of work force (compared to 15.9% in all government.) Minorities hold 14.9% of jobs GS-9 and above (compared to 9.8% in all government.)

Veterans Unemployment - Rate for all veterans under age 35 was only 4.5% in April, according to DOL figures. This is lowest rate since December 1973, and is down from a 7.5% level prevailing as late as July 1977. For veterans age 20 to 24, the April rate was 10.7%, down from 13.2% a month earlier, but still 1.9% higher than for male non-veterans the same age.

Jet Sales Package - I attended a May 16 luncheon on the Hill given by nine Congressmen for Israeli Ambassador Simcha Dinitz, his wife and 10 disabled Israeli war veterans. In informal remarks, the Ambassador touched on the Senate vote of May 15. In essence, he said Israel had learned an important lesson - that they could have many nations as friends, but could count on only themselves for survival. He said Israel respected the right of the U.S. to make final decisions re its own national interests, but the U.S. must understand Israel has the same prerogative in its affairs. The remarks reflected more disappointment than bitterness.

THE WHITE HOUSE
WASHINGTON

May 23, 1978

Secretary Andrus

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson



THE SECRETARY OF THE INTERIOR
WASHINGTON

May 19, 1978

Cecil
J

MEMORANDUM TO THE PRESIDENT

From: Secretary of the Interior

Subject: Major Topics for the Week of May 15

When we met Monday, I didn't know you had already cut on the water paper. Had I known, I would not have abused your time.

The natural resource reorganization proposal is still up in the air. My feelings haven't changed from other memos, but the important thing is that a decision be made one way or another. If you can have White House staff move the paper it will help.

I haven't seen it

The Narrows Dam in Colorado can go either way. The Vice President thinks we should go with the project to help Senator Haskell. Do you concur?

no

At Camp David you expressed concern with Interior's response time on White House mail. We have taken measures to correct this and for the first four months of 1978 our average reply time was 18 days on controlled mail. This will continue to improve as our process and the White House process is tightened up.

I am ~~attaching~~ an editorial from the Seattle Times for your information. The headline and final paragraph might be of interest.

Cecil D. Andrus
CECIL D. ANDRUS

The final House vote on Alaska was 277 - 31. Now the Senate!

THE WHITE HOUSE
WASHINGTON
May 23, 1978

Secretary Califano

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

May 19, 1978

Joe
J

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report on HEW Activities

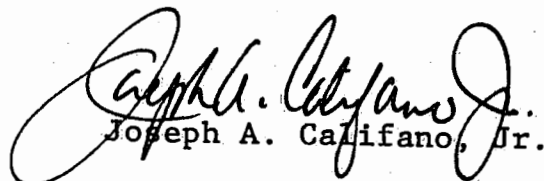
The following is my weekly report on significant activities in the Department of Health, Education, and Welfare:

- Health Costs and NHI. On Wednesday, the House Commerce Committee will begin marking up the Hospital Cost Containment proposal. The vote will be close. On Monday I will speak to a health conference in Washington and will note that only with major structural reform of our health care system, primarily aimed at controlling costs, maintaining and enhancing quality (with particular emphasis on prevention) and improving delivery, can we afford our health care system and that National Health Insurance is the way to go about that. I will stress that cost containment is an essential first step: a test of whether we have the self-discipline to get our health system in shape for National Health Insurance.
- Fraud, Abuse and Waste. HEW will hold a conference on fraud, abuse and error next December. The goals are: to assist technical program managers, to stimulate the interest of State and local political officials, and to educate the public on the problem. We will concentrate on investigative techniques, quality control, privacy safeguards, management information systems, the role of the HEW Inspector General, and new methods of Federal-State cooperation.
- HEW 25th Anniversary. The Department will mark its first 25 years, with a two-day "Celebration of People" on May 23 and 24. The opening event will bring together many members of Congress and government officials. Exhibits and events will focus on HEW's work and clients, and an evening hoedown will feature Bob Bergland playing his guitar. Mrs. Carter and the Vice President may be able to attend briefly.

- Congressional Trip. At Jennings Randolph's request, I will deliver the commencement address at the school at which he taught, Davis and Elkins College in West Virginia on Sunday.
- White House Conference on Families. I am very sensitive to the concerns that you raised in your note to me about the White House Conference. Within the next two weeks, I will provide you with a description of how we propose to proceed with respect to staffing and planning.
- Rehabilitation Act Reauthorization. The Congress continues to shape legislation that attempts to dictate the day-to-day operations of the Executive Branch. The House version of the Rehabilitation Act Reauthorization, if enacted, is a good candidate for veto. That bill:
 - creates two new semi-independent organizational entities: a National Institute on Handicapped Research and a National Council on the Handicapped (the Council is an advisory body given policy-making authorities);
 - mandates staffing requirements and appointment procedures for these organizations (in part to set up an impoundment attack on OMB if ceilings below those legislatively authorized are set);
 - gives the Secretary's authority and responsibility in most areas to the Commissioner of the Rehabilitation Services Administration; and
 - reduces Secretarial discretion in the handling of fund-cut off decisions when states, like Florida, are initially found to be out of compliance with regulations because they fail to organize vocational rehabilitation programs as the national Congress prescribes.

*oppose
strongly in
Senate*

This is a legislative interference with Executive functions. Our room for maneuvering is limited; the bill, which moved through the House very rapidly (on a vote of 382-13), is important to Congressman Brademas and is strongly supported by the handicapped constituencies. The bill moved through the subcommittee and full committee in less than an hour combined (less than fifteen minutes in the full committee), with no chance for analysis or discussion by any of the members or by us.


Joseph A. Califano, Jr.

Community WASHINGTON, D.C. 20506
Services Administration



19 MAY 1978

MEMORANDUM TO THE PRESIDENT

Attention: Rick Hutcheson
Staff Secretary

FROM: Graciela (Grace) Olivarez
Director
Community Services
Administration

SUBJECT: Weekly Report of Significant
Agency Activities
(May 14 - 19, 1978)

The Community Services Administration
does not have any issues to bring to your
attention this week.



GENERAL MOTORS CORPORATION

1660 L STREET, N.W.
WASHINGTON, D. C. 20036

(202) 537-5012

NEWS

FOR RELEASE

AT 1 P.M., EDT, FRIDAY, MAY 19, 1978

DETROIT -- General Motors assured the Carter Administration today that compensation increases for GM salaried employees as a group in 1978 will be less than they were in 1977.

Speaking at GM's 70th annual meeting of stockholders here, Chairman Thomas A. Murphy noted that President Carter, as part of his anti-inflation program, "has requested business leaders to reduce the annual rate of salary and wage increases."

"General Motors accepts this challenge in the same spirit of cooperation in which we accepted the challenge to decelerate all costs and price increases," Mr. Murphy said, referring to GM's announcement following the President's speech on April 11, 1978, that GM would "redouble our efforts in our budgeting and daily operations to exercise maximum discipline over our costs."

He said it is GM's belief that the "best and most equitable way to approach deceleration is to demonstrate leadership -- in other words, to start at the top."

"For 1978, the Council on Wage and Price Stability has set a goal for the entire business community to limit the salary increases of all corporate officers to 5 percent," Mr. Murphy said. "As our first step toward this goal, we will limit the salary increases our Executive Committee members receive this year, if any, to less than 5 percent. And in keeping with the suggested goal, we will also hold salary increases for our total officer group below 5 percent."

"Our next step concerns other General Motors executives. Their salaries in 1978 will continue to be very prudently evaluated. Any increases they receive will be at lower rates than they received in the preceding year, and they will also be lower than the rates of increase their subordinates in salaried positions receive."

"In addition, since total compensation for officers and these other executives includes bonus awards as well as salary, for 1978 we expect that the increase, if any, in bonus awards over 1977 will also be less than 5 percent.

"We also will continue to prudently evaluate discretionary salary increases for the balance of our salaried employees. But because they receive a cost-of-living allowance, the total salary increases for this group will be importantly affected by the rate of inflation in our country.

"Taking everything into account, the increases for our total salaried group in 1978 will be less than they were in 1977, and we will achieve the deceleration objective set for us in this area by the President."

Deceleration of wages, however, is "another matter," Mr. Murphy said.

"Under the provisions of labor contracts negotiated in 1976 with the UAW, the IUE and other unions representing our GM hourly-rate employees, labor costs for these employees will continue to increase at an annual rate in the area of 10 percent in 1978," he said.

"This includes continuation of an annual improvement factor of 3 percent, higher costs for company-paid benefits and rising cost-of-living allowances which are related to changes in the Consumer Price Index. Obviously, to the extent the President is successful in slowing inflation, the rate of increase in the cost-of-living allowances will also be slowed."

Mr. Murphy, at the same time, described increased productivity as an "equally important" contribution to the anti-inflation effort.

"It's important that everyone understand what higher productivity entails," he said.

"It doesn't mean layoffs or speedups. It means using greater investment by business in new tools and machinery to increase output with less human effort. And it also means greater cooperation on the part of labor in reducing absenteeism, eliminating excessive time-off from the job and correcting other practices that

result in under-utilization of facilities and personnel. Labor's role is pivotal if we are to narrow the gap between pay increases and productivity increases and thus reduce the upward pressure on prices.

"Over the long term, until the early 1970s, productivity in the United States has been increasing at a rate slightly under 3 percent a year, and it is on that basis that the annual improvement factor of 3 percent in our labor contracts is predicated. But since 1972, American productivity has been increasing at about half the previous long-term rate -- somewhere in the neighborhood of 1.5 percent.

"Such a dramatic decline in the rate of productivity increase has brought with it severe economic penalties. Since we as a nation have been getting less output per unit of input, the costs of what we produce have been increasing. This has fueled inflation and reduced America's ability to compete in cost with foreign competition both here at home and in other markets."

Calling inflation a "fiscal cancer," Mr. Murphy said he believes the fight against inflation can and will succeed. But, he said, success will come only if the three principal parties concerned cooperate -- "not just business, but also labor and, most importantly, the government." He called the responsibilities of government "even greater" than those of management and labor.

"Government, remember," he continued, "sets our nation's basic fiscal and monetary policies; government establishes tax rates; government is responsible for national energy policies. Government's role is and must be a determining one in the control of inflation."

Mr. Murphy said the nation must recognize the magnitude of the costs associated with government regulations and the "enormity of the impact they have on the inflation rate we are trying to reduce."

"This is why it is so essential that our government representatives examine even the most necessary regulation on a more objective cost/benefit basis," he said. "And unnecessary regulation, of course, must be eliminated entirely, not

in the interest of business, but in the nation's interest. In this national struggle to achieve what is necessary, the American people simply cannot afford the unnecessary."

Mr. Murphy also made these points:

- GM remains confident of the economy's immediate future. "We see no source of potential trouble that would suggest an economic downturn in the near future -- certainly not this year and almost just as certainly not next year."

- Capital spending by GM in 1978 will exceed \$4 billion worldwide, well above last year's record \$3.6 billion. By the early 1980s, annual capital expenditures are expected to reach \$5 billion or more.

- GM believes that its prediction of U.S. sales of 15.5 million cars and trucks, including imports, in the 1978 calendar year will be achieved.

"The mix between car sales and truck sales may not be precisely as we predicted but by December 31, we are confident that the combined total of 15.5 million cars and trucks will be reached."

- Added sales momentum is expected this fall with the introduction of GM's completely redesigned personal luxury cars for 1979 -- the Cadillac Eldorado, Oldsmobile Toronado and Buick Riviera. All will have front-wheel drive with gas-saving capabilities "about 5 miles per gallon better" than their 1978 model counterparts.

- As a worldwide corporation, GM sees its broadest sales opportunities in the years ahead on the international level. "We are in an excellent position. We are a more integrated corporation than we were even a year ago. We are increasing efficiencies overseas. We are gearing up to be far more competitive, both here at home and in those distant markets."

THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS

WASHINGTON
20506

May 19, 1978

MEMORANDUM FOR THE PRESIDENT

From: Ambassador Robert S. Strauss

Subject: Weekly Summary

The MTN problems are getting tougher each day. On the one hand, we are getting into the very hard issues with Japan and the EC, and on the other hand, we have mounting pressure from the various constituent groups, i.e., textiles, agriculture generally, steel, chemicals, etc. No one is willing to give -- everyone wanting to get. I worry where our support will come from in the Congress. We will have major difficulties keeping textiles and steel in the MTN and without them, there can be no MTN. I am neither alarmed nor pessimistic, but I am concerned as the pressures continue to mount and more and more members of the House and Senate sign resolutions for constituent groups.

I am concerned about the attitude of the British in the MTN. Below Callaghan, they are all very negative with the possible exception of Healy. If you could drop Callaghan a note telling him "that the matter is so important that the two of you should see that the various secretaries move constructively," it would be very helpful. My judgment is that Callaghan is the only fellow in the U.K. who has a commitment and Kingman Brewster verifies this.

On the up side, we are making progress in a number of areas and the strength of McDonald and Wolff enables me to devote increasing time to inflation tasks. After July, I will devote almost full-time to inflation. Things are moving a bit as we try to get organized. A very significant General Motors announcement with respect to compensation increases for salaried employees is an example. They will meet and beat your request and, as additionally stated in their press release, will redouble efforts in budgeting and operations to exercise discipline over costs. In case you care to read it, I attach hereto a copy of the release itself. Other companies will be following suit. There are other corporate actions that are also encouraging and in the

labor area, I have had good conversations with Glenn Watts, Paul Hall and others with respect to the future. They realize Meany got into a box and doesn't know how to get out. For the immediate, Bosworth, Schultze, and I are taking a very hard line on some pending paper negotiations by non-AFL-CIO unions on the west coast, as well as continuing to take a hard line in the postal and rail negotiations.

I am indeed sorry that I cannot be at the May 25th budget meeting. I will be on the west coast for inflation meetings on Tuesday, and have negotiations with Ushiba and his group in Los Angeles Wednesday, coming into Dallas on Thursday for an annual Chamber of Commerce speech beginning at 11:30 a.m. I have talked to McIntyre who will brief me immediately upon my return. In the meantime, my political soundings around this country convince me that there is no issue as important to your Administration as budgetary restraints. We absolutely must mobilize everyone behind your proposed 1980 budget. We must also, Mr. President, get something substantial out of the Task Force that will be working with the departments and agencies on the inflation side. There is a "hostility" toward Government generally, that I have never evidenced before with such intensity.

Enclosure

Sending Alaskan oil to Japan is feasible

cc: Billie

JDHough
5/10/78

ORVIOUSLY launching a trial balloon, President Carter said last week in Spokane that the idea of temporarily exporting Alaskan oil to Japan "is one of the options that we are considering."

Mr. Carter's remark was encouraging, as it was the first executive-level indication that his administration is now willing to give serious consideration to the "Japan swap" plan for relieving the West Coast oil glut.

Alaskan crude oil would be shipped to Japan in exchange for Japanese-purchased oil from the Middle East or the North Sea that would be sent to East or Gulf Coast ports in the United States.

We have long maintained that swapping oil with Japan is the most logical interim solution to an situation in which more Alaskan oil is being produced than West Coast markets can handle.

The problem is that Congress, in approving construction of the Alaska pipeline, prohibited the export of North Slope oil to Japan. However, the President may authorize such shipments as an emergency action, with congressional approval, if he finds them to be in the national interest.

Alaska and California officials are meeting in Sacramento this week to formulate a strategy for a national campaign to persuade the President and Congress that the Japan

swap makes sense. One official said the West Coast oil surplus "can only be described as a crisis."

The flood of Alaskan oil has choked California with a 90-day oversupply and has pushed California-produced oil out of the market. Meanwhile, much Pro-ducer Bay oil must be shipped — at great cost — through the Panama Canal to Gulf Coast refineries. For the long term, as Mr. Carter noted in Spokane, completion of the reverse-flow Standard Oil of Ohio pipeline from Long Beach to Texas-area refineries is vital.

Administration officials and many members of Congress have continually maintained that it would be difficult for Americans to understand and approve an Alaskan-oil export program, because U.S. oil imports are now so high and because the Alaska pipeline was sold as being crucial to U.S. energy independence.

We think the politicians underestimate the intelligence of the American people to think that the public would not buy a short-term oil swap if it were explained fully and openly. The economic and environmental justifications for the Japan swap are compelling, and the political problems are surmountable.

This trial balloon will fly, and the Carter administration should be encouraged to keep it in the air.

From the Seattle Times of 5-9-78



United States of America
General Services Administration
Washington, D.C. 20405

Administrator

May 19, 1978

MEMORANDUM FOR THE PRESIDENT

THRU: Rick Hutcheson

SUBJECT: Weekly Report of GSA Activities

A negative report is submitted for the week ending May 19, 1978.

for *Bob Shuff*
JAY SOLOMON
Administrator